

## § 1767.31

2. Printing, postage, office supplies, and expenses applicable to sales activities, except those chargeable to Account 913, Advertising Expenses.

[58 FR 59825, Nov. 10, 1993, as amended at 62 FR 42315, Aug. 6, 1997]

### § 1767.31 Administrative and general expenses.

The administrative and general expense accounts identified in this section shall be used by all RUS borrowers.

#### ADMINISTRATIVE AND GENERAL

##### (Operation)

- 920 Administrative and General Salaries
- 921 Office Supplies and Expenses
- 922 Administrative Expenses Transferred—Credit
- 923 Outside Services Employed
- 924 Property Insurance
- 925 Injuries and Damages
- 926 Employee Pensions and Benefits
- 927 Franchise Requirements
- 928 Regulatory Commission Expenses
- 929 Duplicate Charges—Credit
- 930.1 General Advertising Expenses
- 930.2 Miscellaneous General Expenses
- 931 Rents

##### (Maintenance)

- 935 Maintenance of General Plant

#### ADMINISTRATIVE AND GENERAL

##### (Operation)

- 920 Administrative and General Salaries

A. This account shall include the compensation (salaries, bonuses, employee pensions and benefits, social security and other payroll taxes, injuries and damages, and other consideration for services, but not including directors' fees) of officers, executives, and other employees of the utility properly chargeable to utility operations and not chargeable directly to a particular operating function.

B. This account may be subdivided in accordance with a classification appropriate to the departmental or other functional organization of the utility.

- 921 Office Supplies and Expenses

A. This account shall include office supplies and expenses incurred in connection with the general administration of the utility's operations which are assignable to specific administrative or general departments and are not specifically provided for in other accounts. This includes the expenses of the various administrative and general depart-

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ments, the salaries and wages of which are includible in Account 920.

B. This account may be subdivided in accordance with a classification appropriate to the departmental or other functional organization of the utility.

NOTE: Office expenses which are clearly applicable to any category of operating expenses other than the administrative and general category shall be included in the appropriate account in such category. Further, general expenses which apply to the utility as a whole rather than to a particular administrative function, shall be included in Account 930.2, Miscellaneous General Expenses.

##### Items

1. Automobile service, including charges through clearing account.
2. Bank messenger and service charges.
3. Books, periodicals, bulletins, and subscriptions to newspapers, newsletters, and tax services.
4. Building service expenses for customer accounts, sales, and administrative and general purposes.
5. Communication service expenses.
6. Cost of individual items of office equipment used by general departments which are of small value or short life.
7. Membership fees and dues in trade, technical, and professional associations paid by a utility for employees. (Company memberships are includible in Account 930.2.)
8. Office supplies and expenses.
9. Payment of court costs, witness fees, and other expenses of legal department.
10. Postage, printing, and stationery.
11. Meals, traveling, and incidental expenses.

- 922 Administrative Expenses Transferred—Credit

This account shall be credited with administrative expenses recorded in Account 920 and Account 921 which are transferred to construction costs or to nonutility accounts. (See § 1767.16 (d).)

- 923 Outside Services Employed

A. This account shall include the fees and expenses of professional consultants and others for general services which are not applicable to a particular operating function or other accounts. It shall include also the pay and expenses of persons engaged for a special or temporary administrative or general purpose in circumstances where the person so engaged is not considered as an employee of the utility.

B. This account shall be so maintained as to permit ready summarization according to the nature of service and the person furnishing the same.

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### *Items*

1. Fees, pay, and expenses of accountants and auditors, actuaries, appraisers, attorneys, engineering consultants, management consultants, negotiators, public relations counsel, and tax consultants.

2. Supervision fees and expenses paid under contracts for general management services.

NOTE: Do not include inspection and brokerage fees and commissions chargeable to other accounts or fees and expenses in connection with security issues which are includible in the expenses of issuing securities.

### 924 Property Insurance

A. This account shall include the cost of insurance or reserve accruals to protect the utility against losses and damages to owned or leased property used in its utility operations. It shall also include the cost of labor, employee pensions and benefits, social security and other payroll taxes, injuries and damages, and the related supplies and expenses incurred in property insurance activities.

B. Recoveries from insurance companies or others for property damages shall be credited to the account charged with the cost of the damage. If the damaged property has been retired, the credit shall be to the appropriate account for accumulated provision for depreciation.

C. Records shall be kept so as to show the amount of coverage for each class of insurance carried, the property covered, and the applicable premiums. Any dividends distributed by mutual insurance companies shall be credited to the accounts to which the insurance premiums were charged.

### *Items*

1. Premiums payable to insurance companies for fire, storm, burglary, boiler explosion, lightning, fidelity, riot, and similar insurance.

2. Amounts credited to Account 228.1, Accumulated Provision for Property Insurance, for similar protection.

3. Special costs incurred in procuring insurance.

4. Insurance inspection service.

5. Insurance counsel, brokerage fees, and expenses.

NOTE A: The cost of insurance or reserve accruals capitalized, shall be charged to construction and retirement either directly or by transfers to construction and retirement work orders from this account.

NOTE B: The cost of insurance or reserve accruals for the following classes of property shall be charged as indicated:

1. Materials, supplies, and stores equipment to Account 163, Stores Expense Undistributed, or appropriate materials account.

2. Transportation and other general equipment to appropriate clearing accounts that may be maintained.

3. Electric plant leased to others to Account 413, Expenses of Electric Plant Leased to Others.

4. Nonutility property to the appropriate nonutility income account.

5. Merchandise and jobbing property to Account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work.

NOTE C: The cost of labor, employee pensions and benefits, social security and other payroll taxes, and the related supplies and expenses of administrative and general employees who are only incidentally engaged in property insurance work may be included in Account 920 and Account 921, as appropriate.

NOTE D: The cost of insurance or reserve accruals applicable to the various utility functions shall be charged to the specific functional operations and the appropriate miscellaneous administrative expense accounts either directly or by transfers from this account.

### 925 Injuries and Damages

A. This account shall include the cost of insurance or reserve accruals to protect the utility against injuries and damages claims of employees or others, losses of such character not covered by insurance, and expenses incurred in settlement of injuries and damages claims. It shall also include the cost of labor, employee pensions and benefits, social security and other payroll taxes, injuries and damages, related supplies, and expenses incurred in injuries and damages activities.

B. Reimbursements from insurance companies or others for expenses charged hereto on account of injuries, damages, and insurance dividends or refunds shall be credited to this account.

### *Items*

1. Premiums payable to insurance companies for protection against claims from injuries and damages by employees or others, such as public liability, property damages, casualty, employee liability, etc., and amounts credited to Account 228.2, Accumulated Provision for Injuries and Damage, for similar protection.

2. Losses not covered by insurance or reserve accruals on account of injuries or deaths to employees or others and damages to the property of others.

3. Fees and expenses of claim investigators.

4. Payment of awards to claimants for court costs and attorneys' services.

5. Medical and hospital service and expenses for employees as the result of occupational injuries or resulting from claims of others.

6. Compensation payments under workmen's compensation laws.

7. Compensation paid while incapacitated as the result of occupational injuries. (See Note A.)

8. Cost of safety, accident prevention, and similar educational activities.

NOTE A: Payments to or in behalf of employees for accident or death benefits, hospital expenses, medical expenses, or for salaries while incapacitated for service or on leave of absence beyond periods normally allowed, when not the result of occupational injuries, shall be charged to Account 926, Employee Pensions and Benefits. (See also Note B of Account 926.)

NOTE B: The cost of injuries and damages or reserve accruals capitalized shall be charged to construction and retirement activities either directly or by transfers from this account to the applicable construction and retirement work orders.

NOTE C: The cost of insurance or reserve accruals applicable to the various utility functions shall be charged to the specific functional operations and the appropriate miscellaneous administrative expense accounts either directly or by transfers from this account.

NOTE D: Exclude herefrom the time and expenses of employees (except those engaged in injuries and damages activities) spent in attendance at safety and accident prevention educational meetings, if occurring during the regular work period.

NOTE E: The cost of labor, employee pensions and benefits, social security and other payroll taxes, and the related supplies and expenses of administrative and general employees who are only incidentally engaged in injuries and damages activities, may be included in Account 920 and Account 921, as appropriate.

#### 926 Employee Pensions and Benefits

A. This account shall include pensions paid to or on behalf of retired employees or accruals to provide for pensions or payments for the purchase of annuities for this purpose, when the utility has definitely, by contract, committed itself to a pension plan under which the pension funds are irrevocably devoted to pension purposes and payments for employee accident, sickness, hospital, and death benefits, or insurance therefor. Include, also, expenses incurred in medical, educational, or recreational activities for the benefit of employees and administrative expenses in connection with employee pensions and benefits.

B. The utility shall maintain a complete record of accruals or payments for pensions and be prepared to furnish full information to RUS of the plan under which it has created or proposes to create a pension fund and a copy of the declaration of trust or resolution under which the pension plan is established.

C. There shall be credited to this account, the portion of pensions and benefits expenses which is applicable to nonutility operations, the specific functional operations, maintenance, and administrative expense accounts, and to construction and retirement activities unless such amounts are distributed directly to the accounts involved and are not included herein in the first instance.

D. Records in support of this account shall be so kept that the total pensions expense, the total benefits expense, the administrative expenses included herein, and the amounts of pensions and benefits expenses transferred to the operations, maintenance, administrative, construction or retirement accounts will be readily available.

#### Items

1. Payment of pensions to retirees on a nonaccrual basis.

2. Accruals for or payments to pension funds or to insurance companies for pension purposes.

3. Group and life insurance premiums (credit dividends received).

4. Payments for medical and hospital services and expenses of employees when not the result of occupational injuries.

5. Payments for accident, sickness, hospital, and death benefits or insurance.

6. Payments to employees incapacitated for service or on leave of absence beyond periods normally allowed when not the result of occupational injuries or in excess of statutory awards.

7. Expenses in connection with educational and recreational activities for the benefit of employees.

NOTE A: The cost of labor, employee pensions and benefits, social security and other payroll taxes, injuries and damages, and the related supplies and expenses of administrative and general employees who are only incidentally engaged in employee pension and benefit activities may be included in Account 920 and Account 921, as appropriate.

NOTE B: Salaries paid to employees during periods of nonoccupational sickness may be charged to the appropriate labor account rather than to employee benefits.

#### 927 Franchise Requirements

A. This account shall include payments to municipal or other governmental authorities and the cost of materials, supplies, and services furnished such authorities without reimbursement in compliance with franchise, ordinance, or similar requirements; provided, however, that the utility may charge to this account at regular tariff rates, instead of cost, utility service furnished without charge under provisions of franchises.

B. When no direct outlay is involved, concurrent credit for such charges shall be made to Account 929, Duplicate Charges—Credit.

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C. The account shall be maintained so as to readily reflect the amounts of cash outlays, utility service supplied without charge, and other items furnished without charge.

NOTE A: Franchise taxes shall not be charged to this account, but to Account 408.1, Taxes Other Than Income Taxes, Utility Operating Income.

NOTE B: Any amount paid as initial consideration for a franchise running for more than one year shall be charged to Account 302, Franchises and Consents.

### 928 Regulatory Commission Expenses

A. This account shall include all expense (except pay of regular employees only incidentally engaged in such work) properly includible in utility operating expenses, incurred by the utility in connection with formal cases before regulatory commissions or other regulatory bodies or cases in which such a body is a party, including payments made to a regulatory commission for fees assessed against the utility for pay and expenses of such commission, its officers, agents, and employees, and also including payments made to the United States for the administration of the Federal Power Act.

B. Amounts of regulatory commission expenses which, by approval or direction of RUS, are to be spread over future periods shall be charged to Account 182.3, Other Regulatory Assets, and amortized by charges to this account.

C. The utility shall be prepared to show the cost of each formal case.

#### *Items*

1. Salaries, fees, retainers, and expenses of counsel, solicitors, attorneys, accountants, engineers, clerks, attendants, witnesses, and others engaged in the prosecution of or defence against petitions or complaints presented to regulatory bodies or in the valuation of property owned or used by the utility in connection with such cases.

2. Office supplies and expenses, payments to public service or other regulatory commissions, stationery and printing, traveling expenses, and other expenses incurred directly in connection with formal cases before regulatory commissions.

NOTE A: Exclude from this account and include in other appropriate operating expense accounts, expenses incurred in the improvement of service, additional inspection, or rendering reports which are made necessary by the rules and regulations, or orders, of regulatory bodies.

NOTE B: Do not include in this account amounts includible in Account 302, Franchises and Consents; Account 181, Unamortized Debt Expense; or Account 214, Capital Stock Expense.

### 929 Duplicate Charges—Credit

This account shall include concurrent credits for charges which may be made to operating expenses or to other accounts for the use of utility service from its own supply. Include, also, offsetting credits for any other charges made to operating expenses for which there is no direct money outlay.

#### 930.1 General Advertising Expenses

This account shall include the cost of labor, employee pensions and benefits, social security and other payroll taxes, injuries and damages, materials used, and expenses incurred in advertising and related activities, the cost of which by their content and purpose are not provided for elsewhere.

#### *Items*

Labor:

1. Supervision.
2. Preparing advertising material for newspapers, periodicals, and billboards and preparing or conducting motion pictures, radio, and television programs.
3. Preparing booklets and bulletins used in direct mail advertising.
4. Preparing window and other displays.
5. Clerical and stenographic work.
6. Investigating and employing advertising agencies, selecting media, and conducting negotiations in connection with the placement and subject matter of advertising.

Taxes:

1. Federal and state unemployment.
  2. F.I.C.A.
- Employee Pensions and Benefits:* The portion of employee pensions and benefits specifically identifiable with employees' labor costs charged herein or, in the absence of specific employee identification, the portion of employee pensions and benefits, allocated on the more equitable basis of either direct labor dollars or direct labor hours, applicable to the labor items detailed above, including:
1. Accruals for or payments to pension funds or to insurance companies for pension purposes.
  2. Group and life insurance premiums (credit dividends received).
  3. Payments for medical and hospital services and expenses of employees when not the result of occupational injuries.
  4. Payments for accident, sickness, hospital, and death benefits or insurance.
  5. Payments to employees incapacitated for service or on leave of absence beyond periods normally allowed when not the result of occupational injuries or in excess of statutory awards.
  6. Expenses in connection with educational and recreational activities for the benefit of employees.
- Insurance:

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1. Premiums payable to insurance companies for protection against claims from injuries and damages by employees or others, such as public liability, property damages, casualty, employee liability, etc., and amounts credited to Account 228.2, Accumulated Provision for Injuries and Damage, for similar protection.

2. Losses not covered by insurance or reserve accruals on account of injuries or deaths to employees or others and damages to the property of others.

3. Fees and expenses of claim investigators.

4. Payment of awards to claimants for court costs and attorneys' services.

5. Medical and hospital service and expenses for employees as the result of occupational injuries or resulting from claims of others.

6. Compensation payments under workmen's compensation laws.

7. Compensation paid while incapacitated as the result of occupational injuries. (See Account 924, Note A.)

8. Cost of safety, accident prevention, and similar educational activities.

### Materials and Expenses:

1. Advertising in newspapers, periodicals, billboards, and radios.

2. Advertising matter such as posters, bulletins, booklets, and related items.

3. Fees and expenses of advertising agencies and commercial artists.

4. Postage and direct mail advertising.

5. Printing of booklets, dodgers, and bulletins.

6. Supplies and expenses in preparing advertising materials.

7. Office supplies and expenses.

NOTE A: Properly includible in this account is the cost of advertising activities on a local or national basis of a goodwill or institutional nature, which is primarily designed to improve the image of the utility or the industry, including advertisements which inform the public concerning matters affecting the company's operations, such as, the cost of providing service, the company's efforts to improve the quality of service, and the company's efforts to improve and protect the environment. Entries relating to advertising included in this account shall contain or refer to supporting documents which identify the specific advertising message. If references are used, copies of the advertising message shall be readily available.

NOTE B: Exclude from this account and include in Account 426.4, Expenditures for Certain Civic, Political and Related Activities, expenses for advertising activities, which are designed to solicit public support or the support of public officials in matters of a political nature.

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### 930.2 Miscellaneous General Expenses

This account shall include the cost of labor, employee pensions and benefits, social security and other payroll taxes, injuries and damages, property insurance, property taxes, and expenses incurred in connection with the general management of the utility not provided for elsewhere.

#### Items

#### Labor:

1. Miscellaneous labor not elsewhere provided for.

#### Taxes:

1. Federal and state unemployment.

2. F.I.C.A.

3. Property.

*Employee Pensions and Benefits:* The portion of employee pensions and benefits specifically identifiable with employees' labor costs charged herein or, in the absence of specific employee identification, the portion of employee pensions and benefits, allocated on the more equitable basis of either direct labor dollars or direct labor hours, applicable to the labor items detailed above, including:

1. Accruals for or payments to pension funds or to insurance companies for pension purposes.

2. Group and life insurance premiums (credit dividends received).

3. Payments for medical and hospital services and expenses of employees when not the result of occupational injuries.

4. Payments for accident, sickness, hospital, and death benefits or insurance.

5. Payments to employees incapacitated for service or on leave of absence beyond periods normally allowed when not the result of occupational injuries or in excess of statutory awards.

6. Expenses in connection with educational and recreational activities for the benefit of employees.

#### Insurance:

1. Premiums payable to insurance companies for fire, storm, burglary, boiler explosion, lightning, fidelity, riot, and similar insurance.

2. Amounts credited to Account 228.1, Accumulated Provision for Property Insurance, for similar protection.

3. Special costs incurred in procuring insurance.

4. Insurance inspection service.

5. Insurance counsel, brokerage fees, and expenses.

6. Premiums payable to insurance companies for protection against claims from injuries and damages by employees or others, such as public liability, property damages, casualty, employee liability, etc., and

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amounts credited to Account 228.2, Accumulated Provision for Injuries and Damage, for similar protection.

7. Losses not covered by insurance or reserve accruals on account of injuries or deaths to employees or others and damages to the property of others.

8. Fees and expenses of claim investigators.

9. Payment of awards to claimants for court costs and attorneys' services.

10. Medical and hospital service and expenses for employees as the result of occupational injuries or resulting from claims of others.

11. Compensation payments under workmen's compensation laws.

12. Compensation paid while incapacitated as the result of occupational injuries. (See Account 924, Note A.)

13. Cost of safety, accident prevention, and similar educational activities.

### Expenses:

1. Industry association dues for company memberships.

2. Contributions for conventions and meetings of the industry.

3. Research, development, and demonstration expenses not charged to other operation and maintenance expense accounts on a functional basis.

4. Communication service not chargeable to other accounts.

5. Trustee, registrar, and transfer agent fees and expenses.

6. Stockholders meeting expenses.

7. Dividend and other financial notices.

8. Printing and mailing dividend checks.

9. Directors' fees and expenses.

10. Publishing and distributing annual reports to stockholders.

11. Public notices of financial, operating, and other data required by regulatory statutes, not including, however, notices required in connection with security issues or acquisitions of property.

### 931 Rents

This account shall include rents properly includible in utility operating expenses for the property of others used, occupied, or operated in connection with the customer accounts, customer service and informational, sales, general, and administrative functions of the utility. (See § 1767.17 (c).)

### (Maintenance)

### 935 Maintenance of General Plant

A. This account shall include the cost assignable to customer accounts, sales, administrative, and general functions of labor, employee pensions and benefits, social security and other payroll taxes, injuries and damages, materials used, and expenses incurred in the maintenance of property, the book cost of which is includible in Account 390,

Structures and Improvements; Account 391, Office Furniture and Equipment; Account 397, Communication Equipment; and Account 398, Miscellaneous Equipment. (See § 1767.17(b).)

B. Maintenance expenses on office furniture and equipment used elsewhere than in general, commercial, and sales offices shall be charged to the following accounts:

1. Steam Power Generation, Account 514.

2. Nuclear Power Generation, Account 532.

3. Hydraulic Power Generation, Account 545.

4. Other Power Generation, Account 554.

5. Transmission, Account 573.

6. Distribution, Account 598.

7. Merchandise and Jobbing, Account 416.

8. Garages, Shops, etc., Appropriate clearing account, if used.

NOTE: Maintenance of plant included in other general equipment accounts shall be included herein unless charged to clearing accounts or to the particular functional maintenance expense account indicated by the use of the equipment.

[58 FR 59825, Nov. 10, 1993, as amended at 62 FR 42317, Aug. 6, 1997]

## §§ 1767.32-1767.40 [Reserved]

## § 1767.41 Accounting methods and procedures required of all RUS borrowers.

All RUS borrowers shall maintain and keep their books of accounts and all other books and records which support the entries in such books of accounts in accordance with the accounting principles prescribed in this section. Interpretations Nos. 133, 134, 137, 403, 404, 602, 606, 618, 627, 628, and 629 adopt and implement the provisions of standards issued by the Financial Accounting Standards Board (FASB). Each interpretation includes a synopsis of the requirements of the standard as well as specific accounting requirements and interpretations required by RUS. The synopsis provides general information to assist borrowers in determining whether the standard applies to an individual cooperative's operations. The synopsis is not intended to change the requirements of the FASB standards unless it is set forth in the section entitled RUS Accounting Requirements in each interpretation. If a particular borrower believes a conflict exists between the FASB standard and an RUS interpretation, the borrower shall contact the Director, PASD, to seek resolution of the issue.